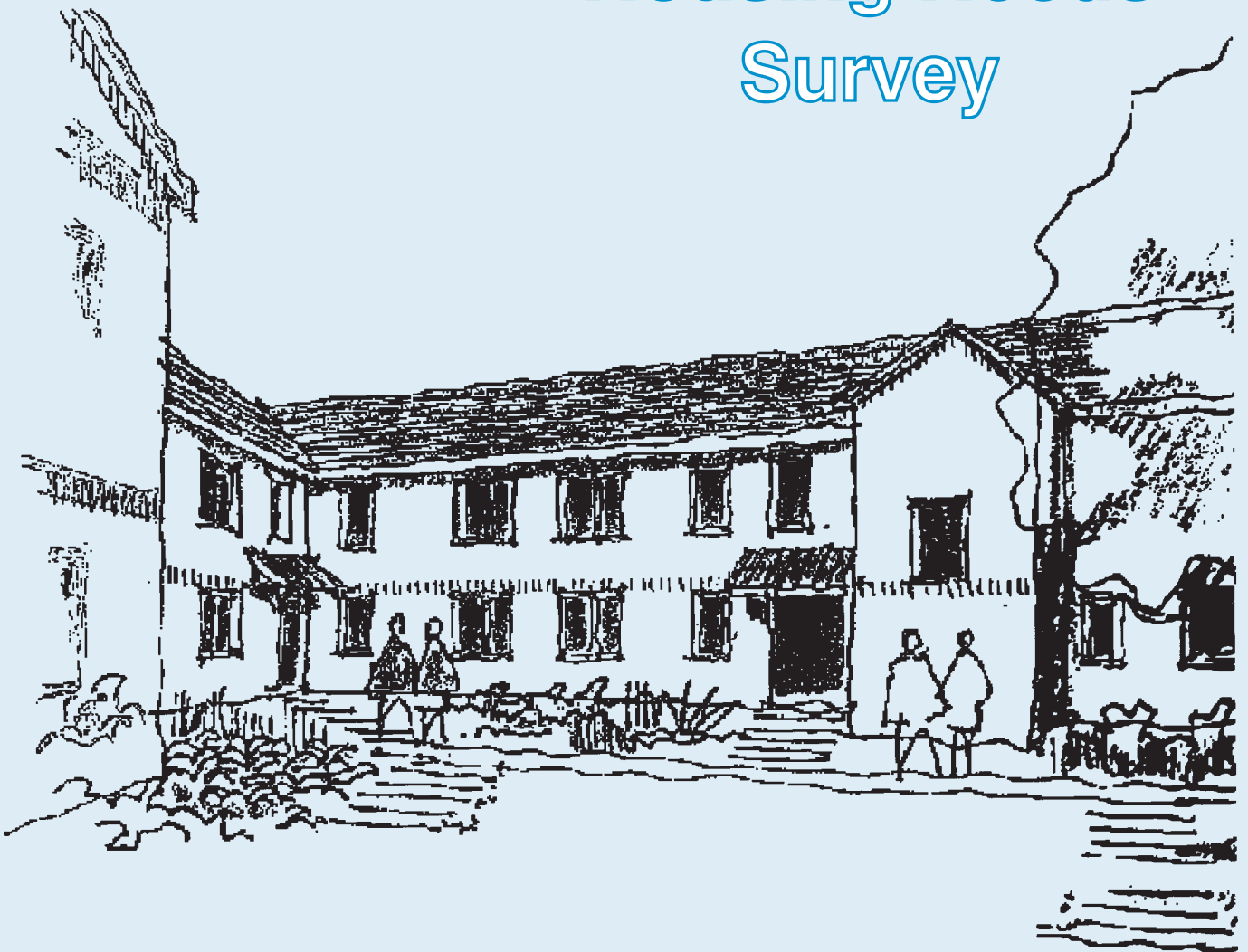




2005 Housing Needs Survey



Summary Report
by



HOUSING • PLANNING
REGENERATION • CONSULTANTS

HOUSING NEEDS SURVEY

This report contains a summary of the results from an assessment of housing needs conducted by David Couttie Associates (DCA) on behalf of Hertsmere Borough Council. Hertsmere Borough Council, in partnership with Welwyn Hatfield Council, formally commissioned DCA in August 2004 to carry out Housing Needs Surveys of each authority to a common methodology.

The purpose of the joint study was to examine the housing requirement aspirations and demands for the communities and households of each District to be provided in separate reports for each Council in relation to their own Authority area.

The overall aims of the project were to:-

- ▶ Determine the levels of housing supply and demand in the Borough;
- ▶ Support the annual Housing Investment Programme (HIP) bid and development of the Housing Strategy;
- ▶ Provide robust information at a local level in accordance with Planning Policy Guidance Note 3 (PPG3), to guide the location of new housing provision and support new planning policies in preparation of the Local Developmental Framework;
- ▶ Co-ordinate housing and community care strategies;
- ▶ Collect information on the two Districts based on a consistent methodology so that future analysis will allow for comparisons to be made;
- ▶ Develop a greater understanding of wider housing needs;
- ▶ Assist with future opportunities for joint funding of new development;
- ▶ Help secure funding at regional level.

In this summary you will find the main findings from the study undertaken through:-

- ▶ A postal questionnaire to 8,690 households in 15 wards and two villages, creating 17 sub-areas across the Borough;
- ▶ Face-to-face interviews with 250 households in Hertsmere, utilising the same questionnaire as the postal survey;
- ▶ A housing market survey utilising the Land Registry and Halifax House Price databases and a telephone survey of estate agents on the supply and cost of private rented housing;
- ▶ Secondary data analysis drawing upon HIP and Housing Register data on the flow of social stock and need, the 2001 Census, household and population projections and other national research.

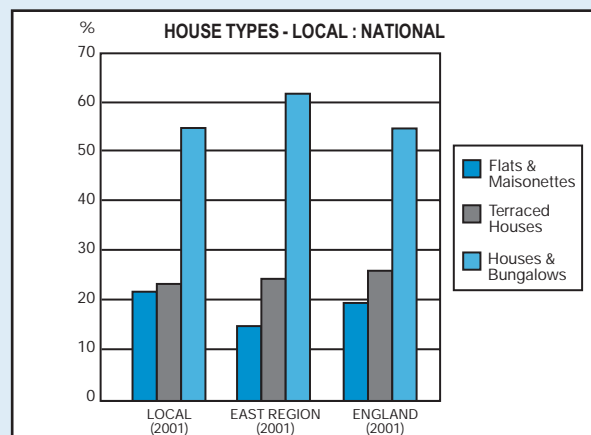
KEY FINDINGS OF THE SURVEY

- ▶ 88.9% of households live in accommodation suitable for their needs. Satisfaction varies from 95.9% in the owner occupied (no mortgage) sector to 70.7% in the private rented sector;
- ▶ Average prices of flats and terraced houses have risen by 86.5% and 95.2% in the last five years and at 30th September 2004 were £178,460 and £221,916 respectively, according to Land Registry data. Affordability is a major issue, particularly for new forming households;
- ▶ 75% of concealed households cannot afford private rental costs and home ownership is beyond the reach of 93% of concealed households, even though 23% of concealed households earn over £27,300 per annum (the national average);
- ▶ The social stock is 18.4%, lower than the national average of 19.3% and provides 415 re-let units each year. Annual affordable housing need amounts to 766 units. Notwithstanding the total number of 415 re-lets, there is a net shortfall of 351 units per year;
- ▶ There is a requirement to develop a more balanced housing stock in both sectors with a need for more flats and terraced houses, particularly in the private sector;
- ▶ The retired population will increase significantly by 23.9% by 2021. There is an inextricable link between ageing and disability. Nearly 70% of those with a support need are over 60 and over half (57%) of these households contain people with a walking difficulty.

THE HOUSING STOCK

The chart shows the characteristics of the Borough stock, compared to the national average level at the 2001 Census in each category.

Locally, the proportion of detached and semi-detached houses and bungalows (54.9%) is slightly higher than the national average of 54% but lower than the regional average (61.4%). The supply of terraced properties is 22.7%, lower than the national average of 26% and the regional average (23.5%). Flats / maisonettes at 21.7% are above both the national average of 20% and regional average of 14.5%.



Source - 2001 Census © Crown Copyright

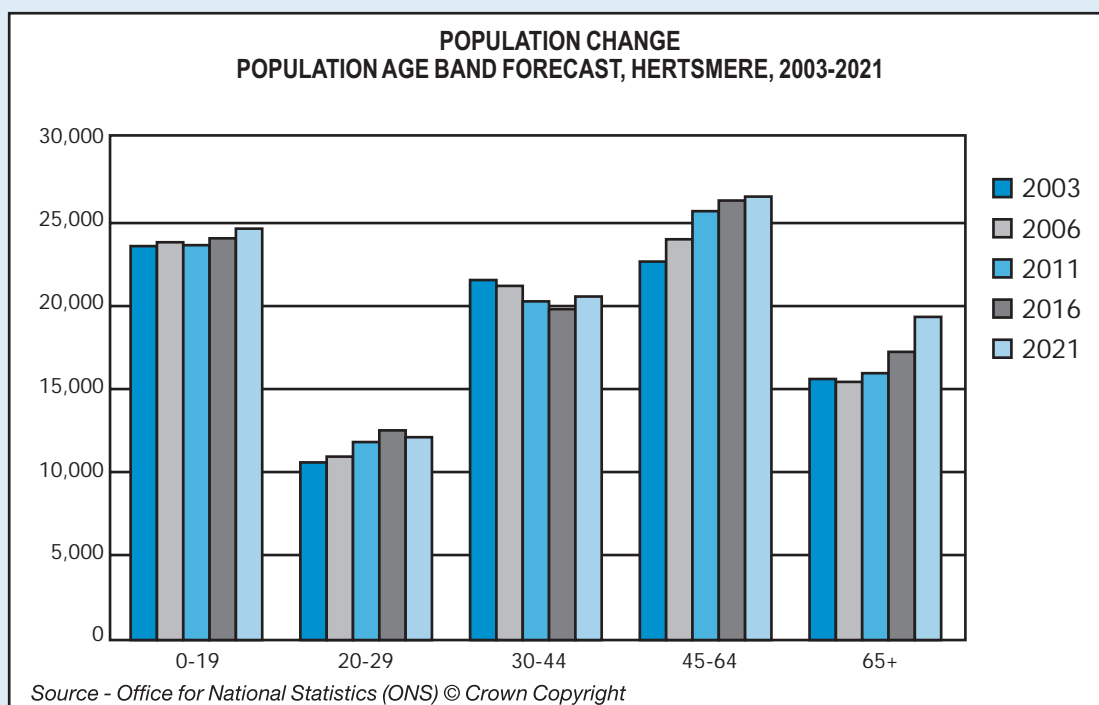
THE BOROUGH POPULATION - FUTURE PROJECTIONS

An important feature in measuring housing needs is to forecast what is likely to happen over the next decade or so in order that provision for new housing can be planned. Population change in an area results from a number of factors - numbers of births and deaths, how the population is ageing and the migration of people into and out of the area. The number of households rises and falls over time in response to these and is also affected by changes in the pattern of marriages and divorces and the general economic climate.

The population data provided by Hertfordshire County Council are ONS 2003-based sub-national population projections (December 2004). The 2001 Census data has been taken into consideration in the production of these projections.

The 2003 based projections indicate that the population in Hertsmere will increase by approximately 9,400 people, (10%) over the 18 years to 2021. The population is projected to rise to 103,200 by 2021, increasing at an average annual rate of approximately 0.5%.

- ▶ The 0-19 age range shows an increase overall (+1,200; +5.1%). Numbers fluctuate throughout the forecast period with a rise seen to 2006, followed by a fall to 2011 and then a large increase from 2011 to 2021 (+900; +3.8%).
- ▶ The 20-29 age range comprises new households forming and will have implications for future affordable housing need both in the short and longer term. Overall this age group shows an increase in the population (+1,500; +14.3%), with the largest rise anticipated between 2006 and 2011 (+900; +8.3%).
- ▶ The 30-44 age group, the main economically active group, shows a decline overall (-1,000; -4.6%). A fall is seen up to 2016 (-1,800; -8.3%), with a rise anticipated to 2021 (+800; +4.0%).
- ▶ The 45-64 age group shows an overall increase in numbers. Over the forecast period there is a rise of 3,800 people (+16.7%). Numbers increase throughout the whole forecast period, with the largest rise occurring between 2006 and 2011 (+2,200; +9.2%).
- ▶ The most significant feature here is the growth of the population in the over 65 age group. An increase of 3,700 individuals (+23.9%) is seen over the forecast period. The largest increase is anticipated between 2016 and 2021 (+1,400; +7.8%). This large growth will result in the 65+ age group representing 18.6% of the whole population in 2021.



The housing market is the context against which all the housing needs of the area are set. In particular, house price information is the basis on which the "affordability" of housing is measured for low-income households. In essence, we are seeking to establish who cannot afford to enter into the market. This data is then related to the problems faced by the "concealed households" in the area, i.e. households living with friends and relatives seeking to gain access to the housing market.

National and Regional Context

UK house price inflation for the year ending 30th September 2004 was recorded by Halifax Index at 20.5% and the Land Registry at 16.7%. House price inflation in the third quarter of 2004 slowed in most regions with an overall increase of 2.7%, below the 5.9% gain in the second quarter of 2004.

House prices in the South East Region show a slight rise, increasing by 1.1% during the third quarter of 2004. The annual rate of house price inflation for the year ending 30th September 2004 recorded in the Halifax Index for the South East Region was 10.9%, well below the UK average of 20.5%.

The Hertsmere Borough Housing Market

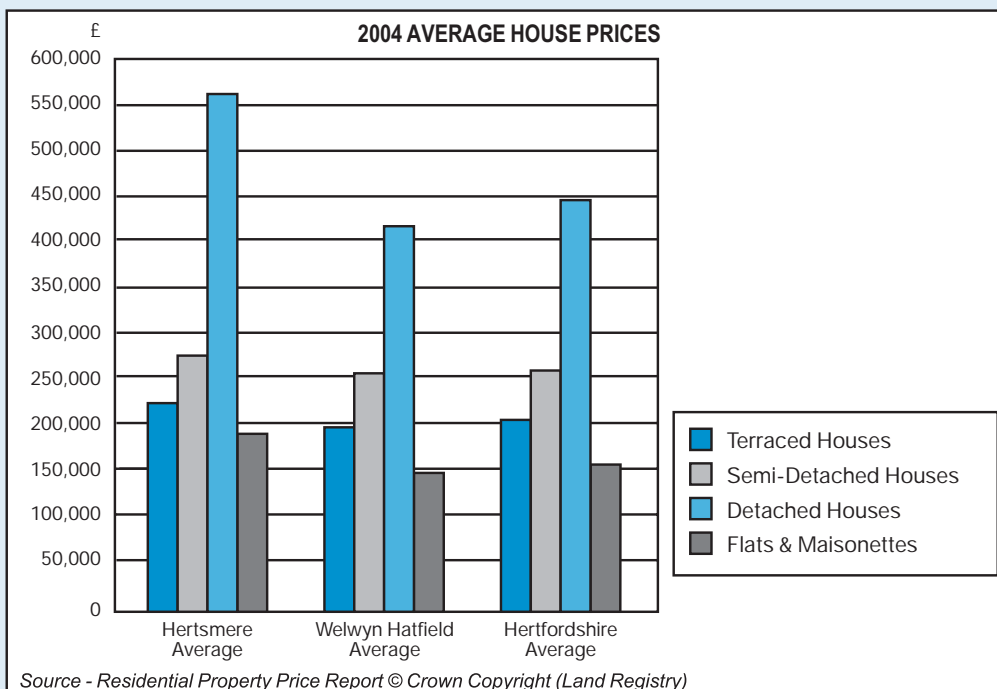
The evaluation of the market in the Borough is based on specially prepared information taken directly from the Land Registry database for the year to 30th September 2004 and an analysis of local estate agency sales looking at entry level properties. Hertsmere is located in the East Region for Planning Policy & Housing Strategy purposes, but neither Land Registry or Halifax recognise East as a region. As a result, Hertsmere and Welwyn Hatfield are felt to be closer in house prices and markets to the South East Region.

Whilst the overall house price in Hertsmere has risen by 75.6% over the last five years; the prices of entry level stock, terraced houses and flats / maisonettes, have increased by 95.2% and 86.5% respectively. In Hertsmere Borough over the year to 30th September 2004, prices of flats have increased by 20.1% and prices of terraced houses have increased by 8.9%.

The Land Registry at 30th September 2004, recorded the average price for all dwellings in the Borough at £275,622. The average semi-detached dwelling was sold for £271,022, higher than the Welwyn Hatfield average of £250,512. The graph shows semi-detached house prices in the Borough are higher than the average for Welwyn Hatfield and for Hertfordshire, reflecting the level of prices for all property types in the Borough.

Based on a 95% mortgage availability and a 3-times gross income to lending ratio, an annual income of £36,200 is required to buy a one bedroom flat in Borehamwood / Elstree, rising to £45,800 in Bushey. A two bedroom flat requires an income of £46,300 in Borehamwood / Elstree and up to £52,900 in Bushey. Terraced properties require an income of £57,300 in Borehamwood / Elstree and £65,700 in Bushey.

We assess flats / maisonettes to be the main entry level property for first time buyers in view of their lower cost and adequate volume of sales. 93% of concealed households have inadequate income to be able to buy and 75% cannot afford to rent privately. Additionally the private rented sector is small and is the housing preference of only 1.3% of these households and 7.7% of existing households moving. Even where this is the case lack of supply may cause some households to have to leave the Borough to meet their requirements.



KEY FINDINGS FROM THE HOUSEHOLD SURVEY

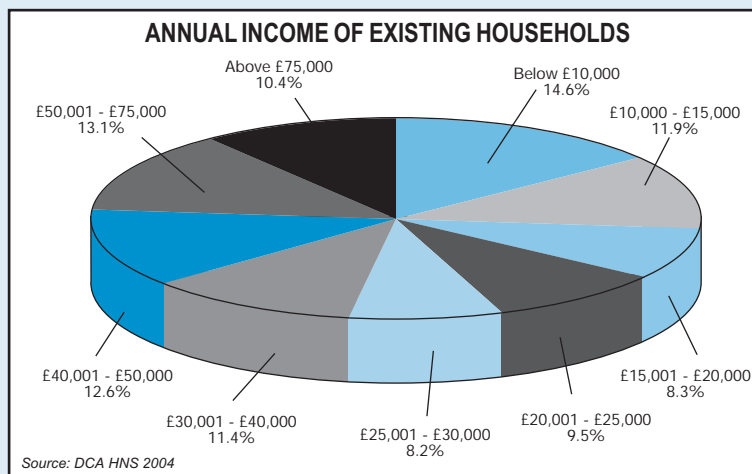
The fieldwork for the study took place in October and November 2004 and provides a detailed picture of the current and future housing needs and preferences in the Borough. The study consisted of a postal questionnaire to 8,690 households and face-to-face interviews with 250 households utilising the same questionnaire as the postal survey, in 17 sub-areas across Hertsmere Borough. The survey achieved a final postal response rate of 23.8% with 2,072 questionnaires returned and 250 interviews conducted, giving a total response of 2,322. This provided statistical confidence at 95% ± 1.66% sampling error rate. 6% of all households in the Borough participated in the survey. The "implied" numbers are our assessment of the total numbers after applying a sub area weighting factor to represent the total population. Below we present in summary form the key findings from the survey with a particular emphasis on the needs of concealed households.

Adequacy of the Existing Stock

- ▶ The vast majority of households have access to all the basic amenities and the perception of most residents is that their homes are well maintained and not in need of any major improvement.
- ▶ Some 88.9% of households say that their accommodation is adequate for their needs. 11.1% (4,276 implied) say that it is inadequate. The largest single issue for those reporting an inadequacy which could be resolved in-situ (without moving) was that the dwelling needed improvement / repairs (91.5%). Of those requiring a move, 70.4% (2,668 implied) indicated that the dwelling was too small.
- ▶ Whilst 70.4% (2,668 implied) of households requiring a move indicated that their existing dwelling was too small, the survey indicates that over-occupation affects only 1.8% of households based on a calculation of occupants to bedroom numbers. Under-occupation however, applies to approximately 43% of all households.

Costs of Present Housing and Household Income

- ▶ In the rented sector, 12.9% pay less than £50 per week; 24.9% pay less than £60 per week and 62.5% pay less than £80. Of owner-occupiers, with a mortgage, 65.9% pay less than £450 per month. Around 4.9% of owner-occupier households pay in excess of £1,250 per month. The level of payment was fairly equally spread across the different mortgage bands up to £750 per month.
- ▶ 14.6% of households have incomes below £10,000, well below the corresponding UK figure (21.6%). 47.5% of households in the Borough have incomes above £30,000, well above the UK average (30.0%).



- ▶ 26.6% of households were in receipt of financial support (10,349 implied), of whom 41.8% (4,326 implied) were in receipt of Housing Benefit, a relatively low level in our experience.

Moving Households

- ▶ It is anticipated that 2,794 existing households and 2,602 new households will be moving within Hertsmere Borough in the next five years. It should be noted that the number of existing and concealed households moving within Hertsmere does not include those households who are in-migrating into the Borough, only those who currently live there. In the case of existing households moving, 65% felt they would require semi-detached or detached houses and 68% indicated a requirement for 3 or 4 bed accommodation. The majority of existing households indicated a preference for owner occupation (73%). The needs and preferences of concealed households moving are analysed in a separate section in the summary.
- ▶ 5,419 existing and new forming households anticipate moving away from the Borough, with 46% of existing households and 39% of concealed households intending to move elsewhere in the UK. In the case of existing households the single most common reason given by existing households moving outside the Borough was lack of affordable housing to buy (27.0%), closely followed by retirement (23.7%) and employment (22.9%). In the case of concealed households moving, choices were focused on employment reasons (32.1%) and lack of affordable housing to buy (32.0%).

A SUMMARY OF THE MAIN FINDINGS

Support Issues

- ▶ 19.9% of households in the Borough contain somebody with a disability (7,740 households implied), of which 13.5% had two members affected. 69.3% of all disabled household members were over 60 and of these 37.3% were over 75 years old.
- ▶ Of the 7,463 implied responses to the question on the nature of the disability of members in the household, the largest group (3,770 implied) affected by a named support need were those with a walking difficulty but who do not use a wheelchair, representing 50.5% of those with a support need.
- ▶ Around 9.7% (725 implied) of households affected by a support need in Hertsmere Borough contained someone who was a wheelchair user. 65.1% of households with a wheelchair user do not live in a property with suitable adaptation.
- ▶ Of the household members who indicated a need for care or support (4,084 implied), some 14.3% (588 implied) felt they needed care or support which is not currently provided. Those with an outstanding care or support need were asked what types of support they needed. Personal care was by some margin the most required form of support with 51.7%, followed by "someone to act for you" (28.8%) and claiming welfare benefits / managing finances (25.3%).
- ▶ 11.5% of all dwellings (4,462 implied) have been adapted to meet the needs of a disabled person. In terms of the nature of adaptations, 55.3% have handrails / grabrails, 40.3% have bathroom adaptations and 30.3% have ground floor toilet adaptations.

CONCEALED HOUSEHOLDS

Concealed households are people living within a household wanting to move to their own accommodation and form a separate household. Concealed households do not include those who are homeless or who are living rough as they do not currently live within an existing household i.e. they are not concealed within that household. We found that around 6.7% of households contained one or more households seeking independent accommodation giving a total of 2,602 cases over the next five years to 2009. 96.4% are the adult children of existing Hertsmere residents.

In the concealed households group:-

- ▶ 77.0% of the people in these concealed households are between 20 and 29 years of age and 10.9% are over 30;
- ▶ 10.7% of households are being formed with a partner living in a separate household elsewhere in the Borough;
- ▶ Only 9.7% of concealed households moving within the next year were registered on a housing waiting list, of which 64.0% were on the Hertsmere Borough Council List and 68.8% on a HA list.

The needs and preferences for specific house types of all concealed households moving within the Borough were:-

Type	Need %	Preference %	Current Stock %
Flat	65.4	46.7	21.7
Terraced	13.2	20.0	22.7
Semi-detached	16.2	24.8	34.9

Size	Need %	Preference %	Current Stock %
One Bed	50.5	19.4	12.0
Two Bed	43.9	67.1	25.0
Three Bed	5.6	13.5	43.0

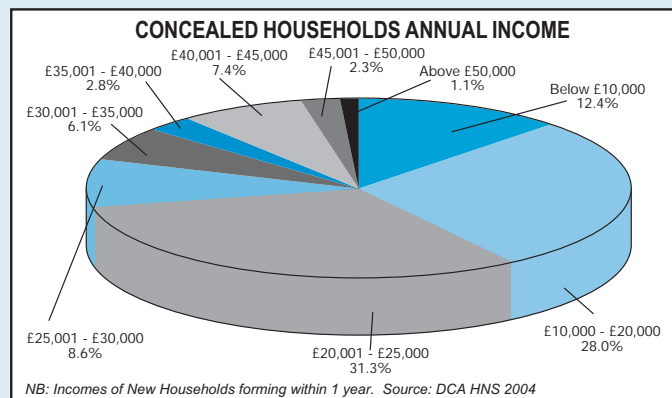
Important differences exist between the levels of preference expressed for property types and their stock supply levels, especially the higher preference for flats than are present in the existing stock.

A SUMMARY OF THE MAIN FINDINGS

Concealed Households' Housing Costs and Incomes

The key factors relating to the ability of those concealed households' who are planning to move within a year to meet housing costs, are:-

- ▶ 38.5% of those wishing to rent could afford a weekly rent of no more than £60 per week and a further 34.5% no more than £70 per week. 62.1% of those wanting to buy could not afford a mortgage of more than £400 per month;
- ▶ 12.4% have household incomes below £10,000 per annum, 28% earn between £10,000 - £20,000 and a further 31.3% between £20,001 and £25,000. In total 86.4% of concealed households forming within a year earn less than £35,000.



Key Worker Housing

2,274 of households (5.8%) who live and work within Hertsmere include members who are employed in the public sector, with 35.3% indicating work in the education sector, 34.1% in local authority services and 30.6% in the health sector. A significant proportion of these households are likely to be key workers. On the basis that access to the cheapest 1-bed flats in Hertsmere requires an income of at least £36,200, 87.7% of Local Authority staff, 63.4% of Health staff and 28.6% of Education staff could not afford to buy their own home in Hertsmere. Nevertheless, 223 of these households are planning to move within the Borough in the next five years, the majority of whom have indicated a preference for owner occupied and 2-bed accommodation across a range of house types.

Black Minority Ethnic Housing

From the survey it is concluded that there is no significant difference in the housing needs of the BME population in the Borough as compared with the general population. 61% of BME households who said their home was inadequate, cited 'too small' as the reason for inadequacy, as against 70% in the whole population. The proportion of BME households on the lowest incomes (below £10,000) is 8%, as against 15% in the whole population. 69% of BME households on the basis of the survey data had incomes above £25,000, compared to around 56% for the whole population.

Intermediate Housing to Buy

To assess the scale of viability of the two main intermediate housing options, grant assisted shared ownership and shared equity using land subsidy only, recent examples of new build RSL shared ownership schemes in the Borough were studied. Generally purchases need to be at a 50% share to be viable for the majority of new forming households. The required income ranged from £21,000 for a 50% share in a 1-bed unit. 2-bed units required an income of £28,000 (for a 50% share). There are sufficient new forming households with incomes in this category who could afford shared ownership at these levels. Around 240 new households a year earn between £20,000 and £30,000, broadly below private rented sector thresholds, who would achieve access to housing through shared ownership at 50% levels.

Affordability and Entry to Market Housing

The data indicates strongly that there is an affordability problem arising from the relationship between local incomes and the realistic supply of the cheapest stock available.

Although the average price of terraced properties according to the Land Registry survey is £221,916, entry sales levels vary across the Borough with the lowest entry prices for a 2-bed property, starting at around £180,965 in Borehamwood/Elstree, rising to £207,450 in Bushey. 3-bed terraced properties start at £186,980 in Borehamwood/Elstree, rising to £241,617 in Radlett / Shenley. Entry levels for a 1 bed flat start at £114,363 in Borehamwood/Elstree, rising to £144,725 in Bushey. Entry levels for 2-bed flats start at £146,113 in Borehamwood/Elstree, rising to £166,975 in Bushey. The survey findings indicate that income levels of around 93% of the concealed households are below the level necessary to be able to buy and 75% to rent in the local market.

Housing Stock Balance Analysis

The nature and turnover of the existing housing stock is vitally important in meeting current and future housing demand in all tenures. The information gained from a separate detailed stock flow analysis will be of major benefit to the development of Planning and Housing Policies, housing site development briefs for the delivery of both private sector and affordable sector housing, balancing housing markets and in longer-term business planning.

CONCLUSIONS

- ▶ Although a considerable spread of incomes is evident, a number of people live on relatively low incomes. For example 48% (13,659 implied) of existing households and 77% (2,003 implied) of concealed households have incomes below the national average of £27,300. Consequently, the two most important issues are the problem of affordability and the level of “concealed” households living within an existing household, the vast majority of whom are not recorded on a register of housing need.
- ▶ The house price and income study shows that 75% of these “concealed” households are not able to afford to rent even the cheapest available private housing in the Borough and 93% cannot access owner occupation.
- ▶ Most concealed household demand is for the smaller and affordable type of housing, particularly flats. There is a shortfall of flats in the existing stock which should be addressed to ensure there is a mix of house types and sizes available in line with the principles in PPG3 Housing and to provide balanced housing markets.
- ▶ The assessment of annual affordable housing need and supply reveals the following:-

Total annual need	766
Total Supply from re-lets	415
Net annual outstanding need	351

- ▶ The total affordable housing need annually is for 766 units. Re-lets of the existing social stock average 415 units and is the major means of addressing the scale of need identified. Even after allowing for this level of supply, there will still be an annual affordable housing shortfall of 351 units which projected over the seven year period to 2011 is a total of 2,457 units. The scale of new affordable unit delivery has fluctuated over the last 3 years and because the level is not stable, new supply has not been included in the Model and annual updates will record actual delivery in determining the net shortfall of affordable need.
- ▶ The level of annual need is much higher than the number of units likely to be able to be delivered from new delivery and conversions, resulting in growing levels of unmet need each year. However, it is vital to attempt to deliver as many units as possible and if the Affordable Housing Policy were to be reviewed now, a target of 40% of new units from the total of all sites in the Borough should form the basis for negotiation as subsidised affordable housing.
- ▶ In all areas across the Borough the significant level of need identified is unlikely to be met even at the ‘exceptional case’ lower site threshold of 15 units in the current draft Circular. A strong case exists to justify a lower threshold across the Borough and the Council should give consideration to adopting a lower threshold as soon as practicable.
- ▶ A significant finding from the study is the projected 23.9% increase, over the forecast period in the retired population between 2003 and 2021. In view of the relationship between increasing age and dependency, consideration will need to be given to the related housing and care needs of this particular sector if the needs of this group of people are to be effectively addressed.
- ▶ In total, the data suggests a combined requirement for sheltered accommodation, from older people currently living in the Borough (149 households) and those who may in-migrate to be beside their family (1,042 households) of 1,191 units, 469 in the affordable sector and 722 in the private market.
- ▶ There was an expressed need for 68 units of independent accommodation with a visiting support worker, 42 residential / nursing home units and 28 units of independent accommodation with live-in carer to 2009.
- ▶ To address the requirements of disabled people there is a need to:-
 - ▶ Continue to promote disabled adaptations in order to improve the ratio of suitably adapted properties for disabled people;
 - ▶ Develop a register of adapted properties and disabled people needing adapted accommodation in order to facilitate better matching.

October 2005